British Waterways

# VENTURES

An extract from Our Plan for the Future 2005-2009

## Our ventures cover a wide range of business activities.

| Leisure Businesses | Multi site property | Site specific Property | Other | Ventures under formation |
|---|---|---|---|---|
| British Waterways Marinas | ISIS | City Road Basin, London | Watergrid | Wood Wharf, London |
| Waterscape | H2O Urban | Edinburgh Quay, Edinburgh | Paddington Basin Barges | Gloucester Quays, Gloucester |
| Waterside Pub Partnership | | Timberbasin, Glasgow | Waterwise | Festival Waters, Stoke |

### LEISURE VENTURES

#### Waterscape

Waterscape is an internet-based business, set up to promote inland waterways, and provide profitable services to consumers. It is operated via a wholly-owned subsidiary company and will generate additional net revenues for us. During 2004/05 it reported over one million on-line visitors to the site. During 2005/06 Waterscape will launch its on-line boaters' facility guides.

#### British Waterways Marinas

British Waterways Marinas was established in January 2004 as a wholly-owned subsidiary to:

- improve the performance of BW owned marinas through focused business activity
- develop and acquire new marinas on the network
- create a transparent business activity separate from BW's role as network operator

We have a protocol in place, which requires marinas meeting the criteria set within the protocol to be transferred to British Waterways Marinas. Five more marinas are planned to be included in 2005, and a further five to ten over the next ten years.

#### Waterside Pub Partnership

In February 2005 we formed the Waterside Pub Partnership, a new joint venture with Scottish & Newcastle Pub Enterprises (Management) Ltd which is expected to develop a nationwide chain of more than 100 waterside pubs.

The Waterside Pub Partnership's initial portfolio includes 30 of our existing leased pubs with a further 20 sites under option that will be developed over the next three years.

### MAJOR PROPERTY VENTURES

#### ISIS

In July 2002 we created ISIS, our waterside property development joint venture in partnership with AMEC Developments and Igloo Regeneration Fund (managed by Morley Fund Management).

ISIS currently has 11 sites in its portfolio. A further five sites are under review to be transferred into ISIS via option from BW.

#### Wood Wharf

Wood Wharf is a 20-acre site in the north east corner of the Isle of Dogs east of Canary Wharf, which we acquired from the Port of London Authority in 2001.

The masterplan for the development of the site was adopted as Supplementary Planning Guidance in December 2003. After a fierce open competition a consortium of Canary Wharf Group and Ballymore Properties Limited has been chosen as our preferred partner. The venture is expected to be formed in early 2005/06.

#### Edinburgh Quay

Edinburgh Quay is our joint venture with Miller Developments, in which we have a 50% stake. It has already developed 105,000 sq ft at the Lochrin site in Edinburgh, including 62 residential flats and a 150-space car park. 67% of office space, and 45% of leisure space has now been let. Over the next five years Edinburgh Quay will fully let phase one, whilst working up phase two on the adjoining site.

#### Gloucester Quays

Gloucester Quays is a planned joint venture with Peel Holdings. We will have a 50% stake in the venture. In November 2004 we, and Peel Holdings, gained planning approval for a 60-acre mixed use scheme, including a factory outlet centre, residential and leisure units, Gloscat College, and retail. Grant funding has been secured from English Partnerships and work could begin on site as early as the end of 2005.

## WATERWAY VENTURES

### Watergrid

Watergrid, our water supply and treatment partnership formed in 2002 with AWG, Bristol Water Holdings and Partnerships UK, will now become a BW wholly owned subsidiary.
A re-assessment by the partners concluded that the market for alternative treated water supply and wastewater services had not developed sufficiently to make the original proposition a suitably attractive medium-term prospect. Through this change, we will now focus on growing Watergrid's core water sales market supplying raw water from our canals and rivers to water utilities and waterside industry.

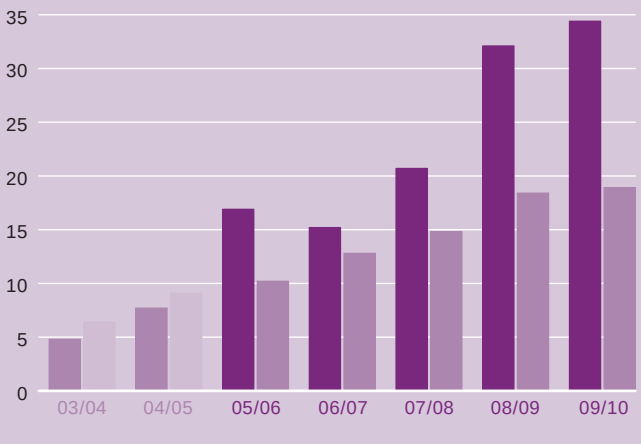
## THE FUTURE

We do not currently have firm plans to create any further major joint ventures other than those noted in the table.

Alongside these there are a number of other smaller companies, in which we have an interest, many of which are formed to manage common areas of property developments, eg West India Quay Management Company, Limehouse Basin Management, Gloucester Dock Management Company and Nottingham Waterside.

| Ventures Milestones | Year |
|---|---|
| **Waterscape** | |
| Break-even in 2005/06 | 2006 |
| **British Waterways Marinas** | |
| Next tranche of marinas transferred | 2005 |
| **Waterside Pub Partnership** | |
| Development of 15 new pubs | 2006 |
| **ISIS** | |
| Award construction contracts at Brentford, Manchester and Leeds Canal Basin | 2005 |
| **Wood Wharf** | |
| Partnership formed | 2005 |
| Site 'readiness for development' criteria satisfied | 2009 |
| **Edinburgh Quay** | |
| Sale of investment | 2005 |
| Approval to invest in phase 2 | 2005 |
| **Gloucester Quays** | |
| Secure funding from English Partnerships | 2005 |
| Partnership formed | 2005 |

### Ventures Income and Expenditure £m




Our ventures business is projected to deliver positive contribution and EVC in 2005/06 and in the future as our ventures develop and mature. Our ventures are typically structured so that we have a significant influence of the partnership (50% share) to ensure that our values and objectives are met. Our share of profits earned from the ventures are reinvested into our business.

Income, particularly from our property ventures, can be uneven from year to year. This explains the planned dip in 2006/07, whilst maintaining an overall growth trend.

If you like to know more about how our plans could affect you, please visit our website at www.britishwaterways.co.uk/plan